

**PORT OF SEATTLE**  
**King County, Washington**  
**January 1, 1992 Through December 31, 1992**

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**Schedule Of Federal Findings**

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All findings relate to the Federal Aviation Administration (FAA) Airport Improvement Program (AIP), CFDA 20.106.

1. The Port Should Improve Controls Ensuring Veterans Preference

The Port of Seattle did not include specifications to ensure veterans preference in employment in contracts let for noise remedy projects. Over 300 homes were insulated for noise remedy during 1992; each under a separate contract.

Grant Agreement Assurance C. 15. requires inclusion in all federally assisted contracts under the FAA AIP program, such provisions as are necessary to ensure preference be given to Vietnam era and disabled veterans.

We recommend the port include provision for veterans preference in all AIP assisted contracts.

2. The Port Should Obtain Contractor Payrolls For Noise Compatibility Projects

The Port of Seattle did not have sufficient monitoring controls in place to ensure compliance with the provisions of the Copeland Act which requires weekly submission of contractor payrolls in order to ensure contractors are paying prevailing wages.

The port requires submission of payrolls on airport development contracts but not on noise remedy projects. As a result, no payrolls were submitted for any noise remedy contracts. Over 300 homes were insulated during 1992; each under a separate contract.

Compliance with the Copeland Act is imposed by Grant Agreement Assurance C. 1., Federal Legislation, q.

Port personnel were not aware the provisions applied to the noise remedy projects.

We recommend the Port of Seattle put procedures in place to ensure that contractors and subcontractors pay prevailing wages. These procedures should include the submission of weekly payrolls in compliance with the Copeland Act.

3. The Port Commission Must Take Official Action Authorizing The Filing Of A Grant Application

The Port of Seattle did not have sufficient monitoring controls in place to ensure that port commission approval was officially obtained to apply for FAA grants. Procedures are in place to obtain port commission approval for projects over \$200,000, whether or not financed with federal assistance. These procedures do not require specific port commission authorization to apply for grants associated with projects under \$200,000.

Grant Agreement Assurance C. 2. requires the port commission to pass a resolution, motion or similar action as an official act, authorizing the filing of the grant application, including all understandings and assurances contained therein, and directing and authorizing an official representative.

We recommend port procedures be revised to explicitly require, by official act, port commission authorization for filing of all AIP grant applications, regardless of amount, in compliance with Grant Agreement Assurances.

4. The Port Should File Correct Federal Financial Reports

The Port of Seattle incorrectly reported a claim for reimbursement related to AIP-14 by claiming 80 percent of eligible costs as the federal share of Amendment 1, instead of the 50 percent stated in the amendment. The port assumed the supplemental funds were subject to the same participation percentage as the original grant. No one reviewed the amendment to verify this assumption.

The port's error resulted in an over-reimbursement of \$9,217. The port discovered the error and recorded the amount as a payable to the FAA as of December 31, 1992.

The awarding of additional funds to original grant awards is a somewhat uncommon occurrence and, as the amount of the additional award was less than \$100,000, the port did not review the amendment.

We recommend the port file accurate federal financial reports. We further recommend the port review all amendments.

5. The Port Should File Complete Construction Progress And Inspection Reports

The Port of Seattle's monitoring controls over filing complete and accurate FAA Construction Progress and Inspection Reports (Form 5370-1) is not operating effectively as designed. The reports for work order C3074 under AIP-33 for the weeks ended November 27 and December 18, 1992, were not signed or dated by the senior inspector and thus were not complete.

We tested a random sample of 25 out of an estimated 190 reports filed on all active work orders during 1992.

These reports are required by 49 CFR 18.40(c) and 18.41.

We recommend the port strengthen controls over the completion and filing of the Construction Progress and Inspection Reports to ensure that the reports are filed in a complete manner.

6. The Port Should Comply With Special Conditions Imposed Upon Award Of A Grant

The Port of Seattle did not file the required construction management plan with the FAA for AIP-30 before the start of construction.

The requirement to file this plan is contained in the grant agreement documents. Specifically, for all grants with paving activity greater than \$250,000, a construction management plan is required to be filed with the FAA, prior to the start of construction.

The requirement in AIP-30 does not state the effect of noncompliance. However, in a subsequent grant (AIP-35), there is an addendum to the requirement stating:

Failure to provide a complete report as described . . . shall result in a reduction in federal participation for costs incurred in connection with construction of the applicable pavement. Such reduction shall be at the discretion of the FAA.

FAA officials have informed us that there are no questioned costs associated with this finding.

We recommend the port strengthen grant administration monitoring procedures to ensure that when required, the construction management plan is filed prior to the beginning of construction on all grants that contain paving work estimated to be greater than \$250,000.